

FISCAL NOTE

SB 1253 - HB 1457

February 21, 2001

SUMMARY OF BILL:

- Redefines the definition of *industrial machinery* to include maintenance and preventative maintenance, such as the removal of oils, solvents, paint, rust, and other industrial by-products, and any cleaning that is a necessary part of any repair work, maintenance, or preventative maintenance.
- Exempts such items from the sales tax by inclusion in the definition of industrial machinery.
- Makes the bill retroactive to December 1, 1993.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - Exceeds \$1,000,000 Recurring
Exceeds \$1,000,000 One-Time**

Decrease Local Govt. Revenues - Exceeds \$225,000

- The amount of sales tax reduction cannot be determined but is estimated to exceed \$1,000,000 to the state and \$225,000 to local governments, based on information provided by the Department of Revenue.
- the one-time decrease in revenues is based on audit assessments of \$150,000 per year for a period of eight years assessed against two taxpayers. Bill is retroactive to December 1, 1993.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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